

# **SERBIA**

## **LAW ON TAKEOVER OF JOINT STOCK COMPANIES 46/2006**

### **Important Disclaimer**

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# **Law on takeover of joint stock companies 46/2006**

## **I. MAIN PROVISIONS**

### **Subject and Scope of the Law**

#### **Article 1**

This Law regulates the requirements and procedure for takeover of joint stock companies, the rights and obligations of the participants in the takeover procedure, and the supervision over the implementation of the joint stock company takeover procedure.

This Law shall apply to takeover of the joint stock companies with the registered office in the Republic of Serbia (hereinafter referred to as: the Republic), if the shares issued by such companies are traded on a regulated securities market in the Republic.

Joint stock companies whose shares have not been traded on the regulated market within the three months preceding the publication of the Notice of Takeover Intent may not be the subject of the takeover.

### **The Terms**

#### **Article 2**

Specific terms, in the context of this Law, shall have the following meaning:

- 1) Target Company is an open joint stock company in the context of the law that regulates the companies, whose shares are traded on a regulated securities market in the Republic;
- 2) takeover bid is a public offer extended to all shareholders of the target company for purchase of all voting shares, under the conditions and in the manner provided by this Law;
- 3) Acquirer is a natural or legal person who acquires or has acquired voting shares of the target company;
- 4) Offeror is a natural or legal person who is, under the conditions provided by the provisions of this Law, under obligation to publish the takeover bid (the Mandatory Bid), or who intends to undertake a takeover and, with this purpose, publishes the takeover bid even though it is not mandatory pursuant to the provisions of this Law (the Voluntary Bid); the management company may, on behalf of a voluntary pension fund or investment fund, be the acquirer or the offeror in the context of this Law, and it is subject to all provisions of this Law applicable to natural and legal persons, and the provisions of the laws that regulate the investment funds or voluntary pension funds;
- 5) Voting shares are all shares which, at the moment of their acquirement by the offeror, proffer the right of one vote at the shareholders' general meeting of the target company; the shares that the joint stock company acquires from its own shareholders are not considered the voting shares;
- 6) Shares may be acquired through a legal transaction or through other legal mechanism for transfer of shares, and a legal transaction shall be considered concluded even when it has been concluded with the postponement clause;
- 7) Insider information is any information that is publicly unavailable and is significant for determination of the price of securities;
- 8) Central Securities Depository and Clearing House (hereinafter referred to as: the Central Register) is a legal person whose business operations and powers are regulated by the law that regulates the securities market and this Law;
- 9) Securities Commission (hereinafter referred to as: the Commission) is a legal person whose powers are regulated by the law that regulates the securities market and this Law.

### **General Principles**

### **Article 3**

General principles of this Law are the following:

- 1) All shareholders of the target company shall be equal in the takeover procedure;
- 2) Minor shareholders may sell their shares to the offeror under the same conditions as the major shareholders;
- 3) Shareholders of the target company shall be fully, accurately and timely informed about the takeover bid, so as to have sufficient time to make proper assessment of the bid, define their interests, and decide whether to accept or refuse the takeover bid;
- 4) The Board of the target company shall be under obligation, in the course of the implementation of the takeover procedure, to act in the best interest of the shareholders of the target company;
- 5) The offeror and the target company are under obligation to implement the takeover procedure in the shortest time possible, so as to avoid that the target company is prevented from conducting normal business for longer than is justifiable;
- 6) The offeror and other persons who take part in the takeover procedure may not, by their action, cause any distortion of the market which may result in multiple increase or decrease of the price of shares of the target company.

### **Acting in Concert**

#### **Article 4**

Natural and legal persons shall act in concert:

- 1) If, by agreement, whether written or oral, and whether explicitly or implicitly, they have agreed to act in concert with the purpose of acquiring shares of the target company or exercising the voting right attached to the shares of the target company;
- 2) If one of them holds shares on behalf of other person.

Natural and legal persons shall also act in concert when one of them, whether indirectly or directly, exercise control over the other legal person or other legal persons.

In the context of paragraph 2 of this Article, it shall be deemed that a natural or legal person exercise control over a legal person if it has:

- 1) Indirectly or directly, 25% or greater holding in the initial capital of a legal person;
- 2) Indirectly or directly, 25% or greater holding of voting rights at the shareholders' general meeting of a legal person;
- 3) The right to manage, i.e. to direct the business and financial policy of a legal person based on the powers provided by the articles of association, agreement, or contract;
- 4) Indirectly or directly, the dominant role in running business and making decisions.

Acting in concert, in the context of this Law, shall be also deemed to be the action when a management company manages several investment funds or voluntary pension funds.

Companies shall act in concert if they are related in the context of this Law and the laws that regulates companies.

Also, natural persons shall be deemed to act in concert if they are spouses, parents and descendants, adoptive parents and adoptive children, guardians and wards or ward descendants, relatives of up to a third degree of kinship in the side line, including the in-laws.

### **Procedure of Acting in Concert**

#### **Article 5**

Establishment of the relationship of concert parties by the agreement referred to in Article 4, paragraph 1, item 1 of this Law was made equal to the acquirement of voting shares.

Votes of the Acquirer shall be added the votes of its concert parties.

When the obligation to publish the takeover bid is incurred through establishment of the relationship of concert parties by the agreement referred to in Article 4, paragraph 1, item 1 of this Law, or in the event when one of the persons acting in concert acquires the shares and through such acquirement incurs the obligation to publish the takeover bid, each such person shall be under obligation to publish the takeover bid under the conditions and in the manner laid down in this Law, and it shall be deemed that the obligation to publish the takeover bid has been fulfilled if the bid is published by any of the concert parties.

## **Obligation to Publish the Takeover Bid**

### **Article 6**

Any person who acquires the shares of the target company, and combined with the shares it already holds, has more than 25% of the total number of votes attached to the voting shares of the target company, shall be under obligation to notify about it the organizational form of the regulated market on which the shares of the target company are traded, the Commission, and the target company, and to publish the takeover bid under the conditions and in the manner laid down in this Law.

Any person who acquires the shares of an issuer in the amount of 25% of the total number of the votes attached to the voting shares of the target company shall be under obligation to notify about it without delay and at the same time the organizational form of the regulated market in which the shares of the target company are traded, the Commission, and the target company.

Any person who based on the takeover bid, has acquired less than 75% voting shares, shall have the obligation to publish the takeover bid in the event of further acquirement of the shares of the same target company.

A person who, based on the takeover bid, has acquired 75% or more voting shares, shall be under obligation to publish the takeover bid when:

- After the takeover bid, it acquires at least additional 5% of voting shares of the target company;
- In the course of 18 successive months, acquires at least 3% additional voting shares of the target company.

The proposed price in the takeover bid referred to in paragraphs 3 and 4 of this Article may not be lower than the price at which the offeror or a person acting in concert with the offeror has acquired the voting shares.

The notification referred to in paragraphs 1 and 2 of this Article shall contain the data referred to in Article 20, paragraph 1, items 1, 2 and 3 of this Law, as well as the statement of the offeror that he shall publish the takeover bid within the deadline provided by the law.

The obligation to notify referred to in paragraphs 1 and 2 of this Article shall accordingly apply at all times when the offeror incurs the obligation to publish the takeover bid.

## **Prohibited Offers**

### **Article 7**

Any publication of the takeover Bid shall be prohibited if it is not extended to all shareholders of the target company at the same price and under the same conditions (the Discriminatory Bid).

No bid shall be allowed outside the provisions of this Law, i.e. the public or other invitation that is extended to the shareholders of the target company with the purpose of acquiring the voting shares of the target company, if such acquirement would cause the obligation to publish the takeover bid in the context of Article 6 of this Law.

## **Exemptions from the Obligation to Publish the Takeover Bid**

### **Article 8**

The acquirer shall not be under obligation to publish the takeover bid, if he:

- 1) Acquires the shares of the target company through inheritance;
- 2) Acquires the shares of the target company through division of the joint marital property;

- 3) Acquires the shares on a temporary basis only, while engaging in his registered business activity of taking over (underwriting) the issue or reselling the securities on the market, provided the acquirer of the issue, i.e. the sponsor does not exercise the right to vote based on the acquired shares;
- 4) Acquires the shares of the target company as a bankruptcy debtor in the bankruptcy proceedings;
- 5) Acquires the shares of the target company in the companies merger procedure, but only in the case when only one of the companies involved in the merger procedure holds shares of the target company;
- 6) Acquires the shares through a change in legal status of a company;
- 7) Acquires the shares of the target company from another legal person whose members or shareholders are, directly or indirectly, the same persons; or when he acquires shares through a transfer for the purpose of restructuring within a holding;
- 8) Acquires shares in a new company that was created by merging the existing companies or by dividing the existing company, provided the rights of dissenting shareholders of remaining companies are protected;
- 9) The only goal of acquiring the shares is to secure the claims of the offeror towards the company, provided the creditor does not exercise the voting right attached to the acquired shares;
- 10) Has acquired more than 25% voting shares of the target company before the coming into force of this Law. This Law shall not apply to the trade in shares of a particular issuer when they are sold through a public tender, on a regulated market, specifically:
  - 1) Shares that were transferred to the Share Fund in accordance with the law, and the shares of individual shareholders that are offered on sale at the same time as the shares of the Share Fund, in accordance with the Law on Share Fund ("Official Gazette of RS", Nos. 38/01 and 45/05);
  - 2) Shares whose legal holder is the Republic Fund for Pension and Disability Insurance of Employed Persons;
  - 3) Shares whose legal holder is the Republic Development Fund;
  - 4) Shares whose legal holder is the Republic.

Unless otherwise provided by an act of the Government, provisions of this Law shall not apply:

- 1) To the transfer, without a commission, of the ownership over the shares issued by the banks, from the State Union Serbia and Montenegro to the Republic, based on the Law on Regulation of the Relationship between the Federal Republic of Yugoslavia and Legal Persons and Banks from the Territory of the Federal Republic of Yugoslavia who are Original Debtors or Guarantors towards the Creditors of the Paris Club and the London Club ("Official Gazette of FRY", Nos. 36/02 and 7/03);
- 2) To the trade in shares issued by the banks, when the legal holder of such shares is the Republic, based on the Law on Regulation of the Relationship between the Federal Republic of Yugoslavia and Legal Persons and Banks from the Territory of the Federal Republic of Yugoslavia who are Original Debtors or Guarantors towards the Creditors of the Paris Club and the London Club ("Official Gazette of FRY", Nos. 36/02 and 7/03), and the Law on Regulation of the Public Debt of Federal Republic of Yugoslavia based on the Foreign Currency Savings of its Citizens ("Official Gazette of FRY", No. 36/02);
- 3) To the trade of shares issued by the banks, when legal holder of such shares is the Republic;
- 4) To the trade of shares issued by the banks, when, in accordance with law, legal holder of such shares is the Deposit Insurance Agency;
- 5) To the trade of shares issued by the banks, when legal holders of such shares have, by a special contract that must be made in writing, authorized the Deposit Insurance Agency to, in their name and for their account, sell such shares to a third person;
- 6) to the trade in shares issued by the insurance companies, when legal holders of such shares have, by a special contract that must be made in writing, authorized the Deposit Insurance Agency to, in their name and for their account, sell such shares to a third party, in accordance with Law that regulates insurance;
- 7) to the trade in shares issued by the banks, when the trade is implemented in the procedure of converting to cash the assets of the banks undergoing the bankruptcy, i.e. liquidation, in which the role of the bankruptcy, i.e. liquidation manager is executed by the Deposit Insurance Agency;
- 8) To the trade in shares of the Central Registry, stock exchanges, and other persons in financial sector, in the context of the law that regulate business operations and organization of banks, when legal holder of such shares is the Republic;
- 9) To the trade in shares of the Central Registry, stock exchanges, and other persons in financial sector, in the context of the law that regulate business operations and organization of banks, when legal holders of such

shares have, by a special contract that must be made in writing, authorized the Deposit Insurance Agency to, in their name and for their account, sell such shares to a third person.

Provisions of this Law addressing the obligation to publish the takeover bid and the takeover procedure shall accordingly apply to the acquirer of the shares referred to in this Article, if he intends to continue acquiring the shares of that company.

The same natural and legal person and the person acting in concert with it may not acquire the shares in the amount exceeding 5% of the total number of the votes attached to the voting shares of sporting organizations that were established or organized in accordance with the law that regulates sports, as well as legal persons established or organized in accordance with the law that regulates broadcasting, unless otherwise provided by other legislation.

## **II. THE TAKEOVER BID**

### **Voluntary Takeover Bid**

#### **Article 9**

If it has not acquired more than 25% of the voting shares of the target company, a person shall not be under obligation to publish the takeover bid in accordance with the provisions of this Law; if, however, it intends to publish the takeover bid, it may publish it only under the conditions and in the manner provided by this Law.

In the case referred to in paragraph 1 of this Article, the offeror shall be under obligation to publish the Notice of takeover Intent in accordance with Article 12 of this Law.

By publication of the notice referred to in paragraph 2 of this Article, the offeror shall incur the obligation to publish the takeover bid under the conditions and in the manner provided by this Law.

### **Publication of the Bid and the Voting Right**

#### **Article 10**

From the publication date of the Notice of Takeover Intent to the publication date of the takeover report, the shares of the offeror and the shares of the persons acting in concert with the offeror shall not proffer the voting right.

### **Conditional and Unconditional Takeover Bid**

#### **Article 11**

Conditional takeover bid is the bid by way of which the offeror demands to acquire a specified minimum number or percent of the voting shares of the target company as the minimum he wishes to acquire; this bid thus ceases to be binding upon him if the indicated condition is not met before expiry of the deadline for its acceptance.

In the event of the conditional bid referred to in paragraph 1 of this Article, the offeror or a party acting in concert with him, the offeror's subordinated companies, the companies directly or indirectly under control of a person that already has control over the offeror, or the persons that provide to the offeror the services concerning the takeover, shall not be allowed to, through their action, influence the meeting of such condition.

When the offeror has subjected the bid to a condition of acquiring the minimum number of shares of the target company indicated in such bid and has not acquired such number before the expiry of the deadline for its acceptance, the offeror may not buy the shares which the shareholders of the target company have transferred to his account; rather, he shall be under obligation to return the shares to them at his own expense, not later than three working days after receiving from the Central Register the confirmation of such outcome of his bid.

When he has subjected his bid to a condition of acquiring a minimum number of shares of the target company that was specified in such bid and has acquired such number before the expiry of the deadline for

its acceptance, the offeror shall be under obligation to buy all shares that the shareholders of the target company have transferred to his account in excess of such number and under the conditions from the bid. Unconditional takeover bid is the bid in which no condition is explicitly and clearly indicated.

## **Publication of the Takeover Intent**

### **Article 12**

Within one working day after the day of incurring the obligation to takeover, the offeror shall publish the Notice of takeover Intent, in the same manner in which, in accordance with this Law, the takeover bid referred to in Article 18 of this Law is made public.

The notice referred to in paragraph 1 of this Article shall contain the data referred to in Article 20, paragraph 1, of this Law.

The offeror may not modify or withdraw the Notice of takeover Intent based on which he applies with the Commission for approval of the takeover bid publication after the submission of such application.

## **Applying for Approval to Publish the Takeover Bid and its Amendments**

### **Article 13**

Within one working day from the day of incurring the obligation to takeover, the offeror shall apply with the Commission the request for approval to publish the takeover bid, the bid itself, the summarized text of the bid, text of the Notice of takeover Intent, and of the documents referred to in Article 20, paragraph 2, of this Law.

Upon the application referred to in paragraph 1 of this Article, the Commission shall issue the administrative decision within two working days after the day of receiving the orderly application, and notify the Central Register accordingly.

Notwithstanding paragraph 2 of this Article, when subjects of the takeover are the banks or insurance companies, the deadline for the Commission to issue the administrative decision shall be counted from the date of receipt of the consent of the competent body, if such consent is required by the law.

Notwithstanding paragraph 2 of this Article, when the Commission works together with the authorities controlling the monopoly and anti-money laundering, and with other authorities, to avoid any distortion to a regulated market in the Republic, the deadline for issuance of the administrative decision on approval of the takeover bid publication may be extended by maximum ten days from the application receipt date.

The offeror shall apply with the Commission for approval of the publication of an amendment to the takeover bid not later than three working days before the expiry of the validity period of the bid.

The Commission shall issue an administrative decision on approval of the publication of the amendment to the takeover bid within one working day from the application receipt date and notify the Central Register accordingly.

The Commission shall issue the administrative decisions referred to in paragraphs 2 and 6 of this Article after it establishes:

- 1) Comprehensiveness and truthfulness of the data from the takeover bid and the documents appended to the application for approval of the bid publication, in accordance with Article 20 of this Law;
- 2) That the price in the takeover bid has been determined in accordance with this Law;
- 3) That the offeror, if he has modified his bid in order to increase the price, has secured the settlement funds in accordance with Article 16 of this Law.

When deciding about the application for approval of publication of the takeover bid or its amendment, the Commission shall not assess the justifiability and reasonableness of the elements of the takeover bid.

If, when deciding about the application for approval of publication of the takeover bid or its amendment, the Commission finds any irregularities, it shall order the offeror to have them remedied within three working days.

The Commission shall not be liable for accuracy and truthfulness of the data indicated in the takeover bid.

## **Amendment to the Bid**

### **Article 14**

The takeover bid may not be amended unless the amendment makes it better.

It shall be deemed that a bid is made better if the price is increased or if the conditions referred to in Article 11, paragraph 1, of this Law are given up.

The price in the takeover bid may not be decreased.

## **Consent**

### **Article 15**

To publish the takeover bid when the subject of takeover are the banks or insurance companies, the offeror shall, at the same time when applying with the Commission for approval of the takeover bid publication, apply for the consent of the National Bank of Serbia or other competent authority, if required by a special legislation.

## **Provision of Funds**

### **Article 16**

Prior to applying for approval to publish the takeover bid, the offeror shall secure necessary funds to purchase the shares in any of the following ways:

- to a special account with the bank, allocate the pecuniary assets, or, to, deposit the securities referred to in Article 22, paragraph 6 of this Law to a special account with the Central Register, as necessary for payment of the shares under the takeover bid;
- to conclude an loan agreement with the bank for this purpose;
- to provide an irrevocable bank guarantee payable on first demand in the amount required for payment of the shares under the takeover bid.

When the offeror is a bank, the bank shall have to arrange with another bank the provision of the funds in the manner referred to in paragraph 1 of this Article.

Validity period of the bank guarantee referred to in paragraph 1 indent 3 of this Article may not be less than five days after the last day of the deadline for payment of shares referred to in Article 21, paragraph 2 of this Law.

The offeror may not have the disposal over the monetary assets that are, with the purpose of securing the deposited shares, allocated to a special account, unless for payment of the deposited shares. The offeror is also under obligation to allow the Commission to review the balance of the special account.

The offeror may not have the disposal over the securities referred to in Article 22, paragraph 6 of this Law that are, with the purpose of securing the payment of the deposited shares, allocated to a special account with the Central Register, unless for payment of the deposited shares. The offeror is also under obligation to allow the Commission to, on its own, review the balance of the special account. The prohibition of the disposal over the securities referred to in Article 22, paragraph 6 of this Law may not last for less than five days from the last day of the deadline for payment of shares.

Upon the expiry of the takeover bid validity period, or after the expiry of the deadline for payment, the offeror may make a withdrawal from the special account of the amount exceeding the amount of the funds required for payment of deposited shares but only after settling all the liabilities arising from acquired shares of the target company.

The offeror may not, within the validity period of the takeover bid, change terms and conditions of the agreement on the special account or the agreement on the approved loan, or the agreement on the bank guarantee for payment of all shares under the takeover bid, unless to make the bid better.

If the offeror is a person with residence, or registered office, outside the territory of the Republic, he shall be under obligation to deposit the funds referred to in paragraph 1, indent 1 of this Article, at the account with a bank with registered office in the Republic, or to obtain the guarantee referred to in paragraph 1, indents 2 and 3 of this Article from a bank with registered office in the Republic.

## **Securing the Share Depositing Activities**

### **Article 17**

Prior to applying for approval to publish the takeover bid, the offeror shall, through a member of the Central Register, open a special account of securities with the Central Register to which the shareholders of the target company shall deposit their shares in order to accept the takeover bid.

The offeror shall be under obligation to enter into an agreement with a member of the Central Register on keeping a special account of securities (the Depo Account) of the offeror and implementing the bid procedure for takeover of shares.

When concluding the agreement referred to in paragraph 2 of this Article, the offeror shall be under obligation to, through a member of the Central Register who shall act in the name and on behalf of the offeror, furnish the Central Register with all data necessary for share depositing preparing and effecting, the data about the manner in which the bid will be made public, and other necessary data laid down in the rules on share depositing and the operating rules of the Central Register.

The offeror shall without delay furnish the Central Register with any amendment to the takeover bid.

Any acquirement of the shares of the target company after the takeover bid is made public shall be null and void if the shares are deposited to an account other than the offeror's special account opened with the Central Register.

## **Publication of the Bid**

### **Article 18**

After receiving the administrative decision of the Commission on approval of the takeover bid publication or amendment to the takeover bid, the offeror shall without delay publish the summarized text of the takeover bid and any amendment to the bid in one daily newspapers which are regularly distributed throughout the territory of the Republic in at least 100,000 copies, and he may also publish it on his website.

The offeror shall without delay furnish the Commission with a copy of published text of the bid referred to in paragraph 1 of this Article.

The offeror shall furnish the takeover bid and any amendment to the bid to the target company, the organizational unit of a regulated market on which the shares of the target company are traded, and all shareholders of the target company, not later than on the same day on which the offeror issued the publication order in accordance with paragraph 1 of this Article.

Validity period of the bid shall commence on the day the takeover bid or the summarized text of the bid is published in a daily newspapers referred to in paragraph 1 of this Article. The Commission shall specify in more detail the form and content of the summarized text of the takeover bid.

## **Ban on Advertising and Influencing other Shareholders**

### **Article 19**

After the offeror disclose the takeover bid to any party, regardless whether such party is involved in the takeover (the offeror, shareholder, target company, Board of Directors of the target company, and Board of Directors of the offeror if the offeror is a company) or is a third party, it shall be forbidden to, directly or by advertising through the media, influence the shareholders of the target company by offering or promising any gifts, favors, proprietary or other benefit.

## **Mandatory Content of the Takeover Bid**

## **Article 20**

The takeover bid shall contain:

- 1) Business name, registered office, and address of the target company;
- 2) Business name, registered office, and address, or name and surname, and address of the offeror and the person with whom the offeror acts in concert;
- 3) Identification of the type and number of shares the offeror has the intention and obligation to acquire, including the number in an absolute amount and in percent amount, with regard to all shares of the target company that belong to the offeror, including the shares of the persons with whom the offeror acts in concert;
- 4) A clear statement that the bid is extended to all shareholders of the target company who own voting shares, and that the offeror commits to buy all voting shares, under the prescribed and published conditions;
- 5) The price which the offeror commits to pay for a share, the deadline and mode of payment;
- 6) Funding sources and the manner of providing funds for purchase of shares;
- 7) Business name, registered office, and address of the authorized broker-dealer company, a member of the Central Register;
- 8) Validity period of the takeover bid;
- 9) Detailed instructions with regard to the manner of share depositing and other rights and obligations of the shareholders who are depositing the shares, and in particular the right of the shareholders to, by withdrawing the shares from the deposit, renounce the acceptance of the takeover bid;
- 10) Identification of the offeror's goals and intentions with regard to the target company that is being acquired, if the takeover bid is successful;
- 11) Other conditions of the bid as laid down in this Law or legal acts of the Commission.

The offeror shall append to the bid he furnishes to the Commission the original or a certified copy of the following documents:

- 1) The documents about the legal transaction in which shares of the target company were acquired in the period of one year preceding the publication date of the takeover bid;
- 2) The bank guarantee or loan agreement, or the agreement on opening of a special account and evidence of payment of monetary assets, or depositing of securities for payment of shares, in the context of Article 16, paragraph 1 of this Law;
- 3) The contract with a member of the Central Register on conducting the share depositing transactions;
- 4) The consent of the National Bank of Serbia, when the subject of the takeover are shares of the banks or insurance companies;
- 5) The consent of the competent institution, in other events when required by the law;
- 6) If the offeror is a legal or natural person with the registered office or residence or domicile abroad:
  - The statement whereby he appoints a proxy (business name, registered office, address, or the name and surname, address) to whom notices shall be served in the Republic, where such proxy may be a lawyer, a bank or a broker-dealer company,
  - An excerpt from the register of business operators or other suitable register from which the legal status, registered office, address, list of persons authorized to act as proxies, are visible, not older than 30 days from the day of applying for approval to publish the takeover bid, translated into Serbian language by a certified court interpreter.

## **Validity Period of the Takeover Bid**

### **Article 21**

Validity period of the bid shall be at least 21 days and not more than 45 days from the day the takeover bid is published in daily newspapers referred to in Article 18, paragraph 1 of this Law. In case any competing bids for takeover are published, validity period of the initial bid shall be extended until the expiry of the validity period of the competing bids.

In case an amendment to the takeover bid is published, validity period of the bid shall be extended by seven days, provided the total validity period of the bid does not exceed 60 days, unless in the case the validity

period has been extended due to the publication of competing bids when total validity period of all bids may not exceed 70 days.

If the last day of the validity period of the takeover bid is a non-working day (Saturday, Sunday, a state or religious holiday), the last day of the validity period of the takeover bid shall be deemed to be the first working day that follows.

## **Price in the Takeover Bid**

### **Article 22**

The offer price of the shares of the target company may not be lower than the average weighted price of shares in the period of three months preceding the publication of the Notice of takeover Intent that was determined based on the report on the trade on a regulated market.

If the last market price of shares of the target company on a regulated market on the working day preceding the Notice of takeover Intent publication date exceeds the price referred to in paragraph 1 of this Article, the offeror shall be under obligation to offer such price.

If, before the takeover bid is made public, the offeror or the persons acting in concert with him has acquired the shares of the target company at the price that exceeds the price referred to in paragraphs 1 and 2 of this Article, the offeror shall be under obligation to offer to the shareholders of the target company:

- The highest price at which has acquired the shares in preceding 12 months;
- The average price at which has, in the period of two years preceding the publication of the Notice of takeover Intent, acquired the shares of the target company, if in such period has acquired minimum 10% shares of the target company, provided such price exceeds the price referred to in indent 1 of this paragraph.

The offeror may not decrease the offer price nor change the deadline or mode of payment specified in the bid, but he may increase the offer price. For every share of the same class, the offeror must pay the same price.

If the offeror increases the offer price, he must provide the funds equal to such amount in accordance with the provisions of Article 16 of this Law.

The compensation for payment of the shares under the takeover bid may be offered in money, or in the securities as provided by the law that governs the securities market, or in the debt securities issued by the Republic and the National Bank of Serbia.

In the event when both the monetary assets and the securities are offered as compensation referred to in paragraph 6 of this Article, the offeror shall be free to determine the ratio between the monetary assets and the securities.

By way of an exception from paragraph 6 of this Article, the Share Fund may be offered compensation for payment of shares under the takeover bid only in money.

Securities referred to in paragraph 6 of this Article must be continuously traded on a regulated securities market in the Republic, subject to the condition that the value of their average daily trade volume in preceding six months does not exceed 5% of the total value of shares of the target company specified in the takeover bid.

Price of shares and debt securities referred to in paragraph 6 of this Article shall be calculated based on the last market price on a regulated market on the working day preceding the publication of the Notice of Takeover Intent.

## **Competing Takeover Bid**

### **Article 23**

The competing takeover bid is the bid that, in accordance with the provisions of this Law, may be submitted by any legal or natural person (the Competitor), but only after the publication and within the validity period of the initial takeover bid.

The Competitor shall not be a person who acts in concert with the offeror in the context of Article 4 of this Law, or a person who acts in the name of the offeror in the takeover procedure.

The application for approval of a competing bid shall be submitted not later than one working day before expiry of the validity period of the initial bid.

The Commission shall issue the administrative decision on the submitted application referred to in paragraph 3 of this Article before the end of the same day.

Competitor shall be under obligation to publish his bid in accordance with Article 18 of this Law, immediately upon the receipt of the administrative decision issued by the Commission referred to in paragraph 4 of this Article and not later than on the last day of the validity period of the initial bid.

In the event of a competing bid, no Notice of takeover Intent shall be published.

Any amendment to the competing bid may be made only in accordance with the provisions of this Law concerning amendments to the takeover bid.

If the initial bid was subject to the requirement of minimum number of shares that the offeror should acquire, the competing bid may not be drawn up for acquirement of a larger number of shares.

If, in the circumstances when competing bid is present, the offeror change any elements of the bid, they shall be under obligation to furnish the Commission with final changes to all bids within three working days before expiry of the total validity period of all bids.

## **Disallowed Publication of the Notice of Intent to Acquire**

### **Article 24**

After the offeror publishes the takeover bid, third parties shall not be allowed to, in the media accessible to the public, publish the Notice of Intent to Acquire shares of the target company; rather, such persons shall be under obligation to publish the competing takeover bid in accordance with the provisions of this Law.

## **Withdrawal of the Bid**

### **Article 25**

The offeror may also withdraw the takeover bid in the event of:

- 1) Publication of the competing takeover bid at a higher price;
- 2) Bankruptcy of the target company.

The offeror must publish the withdrawal of the takeover bid in the manner laid down for publication of the takeover bid.

## **III. CONCLUSION OF THE TAKEOVER PROCEDURE**

### **Acceptance of the Bid and Deadline for Payment of Shares**

#### **Article 26**

A shareholder shall accept the bid by depositing with the Central Register, before the expiry of the validity period of the bid, the shares under the takeover bid.

Deadline for payment of shares of the target company shall be determined in the days before the day of expiry of the validity period of the bid and it shall be three working days from the last day of the validity period of the bid. The offeror may not effect payment before expiry of the validity term of the bid.

A shareholder may not have disposal over the shares he has deposited with the purpose of accepting the bid.

A shareholder may withdraw shares from the deposit before expiry of the validity period of the bid. Exceptionally, a shareholder may withdraw shares from the deposit after expiry of such period if the offeror fails to pay for the shares within the deadline provided for payment of shares. Withdrawal of shares from the deposit shall mean that acceptance of the bid is renounced, i.e. that the agreement is terminated.

## **Depositing of Shares**

### **Article 27**

Shares shall be deposited in the Central Register in such a way that they shall be removed from the target company shareholders' account and entered in the special account opened for depositing the shares with the purpose of accepting the takeover bid, and from the latter they shall be returned to the shareholders' account in the event the shares are withdrawn from the deposit.

The shareholders may not deposit the shares that are subscribed but not paid.

## **Waiver of the Right to Withdraw Shares**

### **Article 28**

A shareholder may not waive the right to withdraw shares from the account for depositing. The offeror may not call upon the statement of the shareholder about waiver of the right to withdraw shares from the account for depositing.

## **Obligation to Inform about Inflow of Shares**

### **Article 29**

The Central Register shall, through its members, inform the offeror and the target company about the inflow of shares of the target company and allow them to review the balance of the account of deposited securities, notify them about the balance of the account, issue them statements of such account, allow them to verify the determined outcome of the takeover, and assist them in such verification, in accordance with their operating rules and the law that governs the securities market.

From the time the acquirer incurs the obligation to publish the takeover bid, the target company, i.e. the Central Register, shall be under obligation to, upon his request, allow the acquirer to review the data related to the shareholders and shares of the target company.

## **Transfer of Shares on the Basis of the Takeover Bid**

### **Article 30**

If the shareholder has deposited the shares in accordance with the requirements laid down in the takeover bid, the acceptance of the takeover bid and the obligation of the offeror to pay the price for depositing of the shares shall become effective upon expiry of the validity period of the takeover bid, with the exception of the events referred to in Article 11, paragraph 3, Article 25, and Article 41, paragraph 7 of this Law.

The offeror may not take over the deposited shares, i.e. the deposited shares may not be transferred to the offeror, prior to the expiry of the validity period of the bid and before the shares are paid, which shall be determined by the Central Register.

## **Passing the Rules for Depositing and Takeover of Shares**

### **Article 31**

The Central Register shall pass the rules which shall regulate in detail the depositing, payment and takeover of the shares from depo account, which shall be in compliance with the principles and standards adopted by the International Organization of Securities Commissions (IOSCO).

## **Takeover Report**

### **Article 32**

After expiry of the validity period of the takeover bid and after expiry of the period for payment, the offeror shall be under obligation to, within one working day, publish the takeover report in the manner laid down by this Law for publication of the takeover bid, and to immediately furnish it at the same time to the organizational unit of the regulated market on which the shares of the target company are traded, the Commission, and the target company.

The takeover report shall contain the data about the offeror and the target company, when and how was the takeover bid and any amendments thereof made public, how many deposited shares has the offeror paid and took over, how many withdrawals were made from the deposit and how many voting shares of the target company the offeror has on his disposal after the takeover of deposited shares, including the voting shares that belong to persons who act in concert with the offeror.

If the bid is conditional pursuant to the provisions of Article 11, paragraph 1 of this Law, and if inadequate number of shares is deposited within the validity period of the bid, the Central Register shall be under obligation to without delay notify about it the member of the Central Register which keeps the depositing account for the offeror, and the members of the Central Register who have deposited the shares following the instructions from the shareholders, and notify the Commission accordingly.

The offeror shall, before the end of the day on which he has received the notification referred to in paragraph 3 of this Article, publish such notification, in the manner referred to in Article 18, paragraph 1 of this Law.

## **Payment of the Share Price and the Costs**

### **Article 33**

The offeror shall pay the price of shares and bear all costs of the transfer of shares and any other costs arising from the bid, with the exception of the costs of shares depositing and shares withdrawal from the depo account which shall be borne by the shareholder of the target company.

## **Enforced Sale**

### **Article 34**

When he buys at least 95% of the shares of the target company in the takeover procedure, the offeror shall have the right to buy, under the conditions from the takeover bid, the shares of the shareholders who have not accepted the sale of shares pursuant to such bid (the dissenting shareholders).

The offeror referred to in paragraph 1 of this Article shall submit to the Central Register, through a member of the Central Register, a request for enforced sale of the shares of the dissenting shareholders, not later than 120 days after the expiry date of the deadline specified in the takeover bid, indicating the conditions for purchase of shares from the takeover bid, and shall effect the payment against the enforced sale of shares to the specific-purpose monetary account of the target company in the Central Register when the payment is effected in money, or a special account of securities with the Central Register when the payment is effected in securities.

At the same time when submitting the request referred to in paragraph 2 of this Article, the offeror shall, through a member of the Central Register, notify the dissenting shareholders about the submitted request for enforced sale of shares, and publish such notification in a daily newspapers which are regularly distributed in the entire territory of the Republic in at least 100,000 copies.

Upon expiry of the period of 15 days after the notification referred to in paragraph 3 of this Article is made public, the Central Register shall, upon the offeror's request in writing, make transfer from the account of securities of the dissenting shareholders to the account of securities of the offeror, i.e. money to the account of dissenting shareholders, in the manner laid down by the Operating Rules of the Central Register.

## **Enforced Purchase**

### **Article 35**

When the offeror has purchased at least 95% of the shares of the target company (the majority shareholder), he shall be under obligation to buy the shares of remaining shareholders, at their request, under the conditions from the takeover bid.

The offeror who has acquired at least 95% of the shares of the target company shall, after conclusion of the takeover procedure, provide the monetary funds or the bank guarantee for payment of maximum 5 % of the remaining shares of the target company and may not withdraw them before expiry of the period of six months in the course of which the minority shareholder may submit the request referred to in paragraph 1 of this Article.

Minority shareholder referred to in paragraph 1 of this Article may submit the request to the majority shareholder, or the Central Register through a member of the Central Register, not later than six months after the day on which at least 95% of the shares was acquired by the offeror, notifying him about the class and number of shares offered for sale.

In the event the request referred to in paragraph 1 of this Article is submitted, the majority shareholder shall be under obligation to buy the shares of minority shareholders at the price of the last share he has bought to acquire at least 95% of the shares.

The Central Register shall transfer the shares from the account of securities of the minority shareholder to the account of securities of the majority shareholder, i.e. money to the account of minority shareholder, in the manner laid down in the Operating Rules of the Central Register.

## **Ban on Acquisition and Alienation of Voting Shares**

### **Article 36**

From the time the obligation to publish the takeover bid is incurred until the expiry of the validity period of the bid, the offeror may not acquire voting shares of the target company and may not undertake to acquire them in any manner other than by the takeover bid, and may not alienate or undertake to alienate the voting shares of the target company.

The provision of paragraph 1 of this Article also applies to all persons who act in concert.

## **Right to Vote on the Basis of the Shares Acquired in Contravention to the Law**

### **Article 37**

The acquirer who acquires, i.e. buys shares of the target company in contravention to the provisions of this Law shall not have the right to vote based on the shares acquired in this manner until he remedies the contraventions, unless otherwise provided by this Law.

The acquirer who acquires, or buys shares of an open joint stock company in the context of the law that regulates business companies whose shares have not been traded on a regulated market, which acquisition would instigate the obligation to publish the takeover bid pursuant to the provisions of Article 6 of this Law, shall not have the right to vote based on the shares acquired in this manner until he remedies the contraventions.

The acquirer who acquires, or buys shares of an open joint stock company in the context of the law that regulates business companies whose shares have not been traded on a regulated market within three months prior to the acquisition of these shares, which acquisition would instigate the obligation to publish the takeover bid pursuant to the provisions of Article 6 of this Law if the shares had been traded on a regulated market within three months prior to the acquisition of these shares, shall not have the right to vote based on the shares acquired in this manner until he remedies the contraventions.

## **Obligations of the Target Company**

### **Article 38**

From the time the Notice of takeover Intent is made public until the conclusion of the procedure of the target company takeover, the Board of Directors of the target company shall be under obligation to inform in writing the employees of the target company about the takeover bid.

Within the duration of the takeover procedure, the Board of Directors of the target company may demand the competing takeover bid.

From the time the Notice of takeover Intent is made public until the conclusion of the procedure of the target company takeover, the Board of Directors of the target company:

- 1) May not exercise the power vested in it by the Articles of Association to increase the initial capital of the target company by issuing new shares;
- 2) May not make decide to undertake any extraordinary activities, or decide on executing any contracts that would essentially change the status of assets or liabilities of the target company, i.e. may undertake only regular activities that are related to the main business of the target company;
- 3) May not decide that the company acquires or alienates its own shares;
- 4) May not publish a bid to take over other joint stock company.

The management of the target company may undertake the activities referred to in paragraph 3 of this Article only upon prior consent of the shareholders' general meeting which shall decide on these issues by a simple majority.

## **Ban on Restrictions Regarding the Number of Votes and Members of the Board**

### **Article 39**

From the time the Notice of takeover Intent is made public until the conclusion of the procedure of the target company takeover, the Constituting Act or the Articles of Association may not envisage any restrictions regarding the number of votes attached to the voting shares, and, if such restrictions are already envisaged in the Constituting Act or the Articles of Association, they may be rendered null and void by simple majority vote at the shareholders' general meeting.

After conclusion of the takeover procedure, the shareholders' general meeting may, by simple majority vote, repeal the provisions of the constitutional act or the Articles of Association which envisage the restrictions regarding the mandate and appointment of the members of the Board of Directors and the Director.

## **Statement of the Board of Directors**

### **Article 40**

Within seven days after the takeover bid is made public, the Board of Directors of the target company shall make public its opinion of the takeover bid and the reasons on which it is based, in the same manner in which the takeover bid was made public.

In such opinion, the Board of Directors of the target company shall consider the takeover bid in general and specifically with regard to the price which the offeror commits to pay for a share and the goals of the offeror and his intentions with regard to the target company that is being acquired, and shall clearly state its position with regard to whether it is in favor of the takeover bid or not.

In addition to making public the opinion referred to in paragraph 1 of this Article, the Board of Directors and the Supervisory Boards of the target company may not make decisions from within their scope of powers that would in any way unlawfully prevent or prolong the takeover or have any adverse effect on business of the target company in a prolonged time period.

## **Powers of the Commission**

### **Article 41**

The Commission shall perform the tasks laid down by the law.

The target company, shareholders of the target company, the Central Register, business banks, broker companies, and other legal and natural persons are under obligation to, upon the request of the Commission in the procedure of defining the obligation to acquire or to act in concert, as well as the supervision in the takeover proceedings, allow the Commission the access to and to furnish the Commission with the documentation it deems necessary for the implementation of supervision.

The Central Register and the target company shall be under obligation to allow to the Commission, upon its request, the access to and to furnish it with all the data about the ownership status of shareholders or the appropriate entries from the book of shares.

The Commission and all its members and employees shall use the data and the documentation referred to in paragraphs 1 -3 of this Article that may serve as evidence in the criminal procedure, only within their scope of authority and they shall be under obligation to treat them as an official secret.

When it determines in the takeover procedure that it is necessary, the Commission shall issue the administrative decision to the offeror or the target company instructing them to, within three working days, publish additional clarifications, notifications, or corrections with regard to the takeover bid.

When, within the takeover procedure, the Commission establishes any irregular or unlawful elements, it shall issue the administrative decision instructing the offeror to, within three working days, remedy the perceived irregular or unlawful elements and furnish the relevant evidence.

If the offeror fails to act pursuant to the administrative decision of the Commission referred to in paragraphs 5 and 6 of this Article, the Commission shall suspend the takeover procedure and rescind the administrative decision about approval of the takeover bid.

The Commission shall work together with the foreign authorities responsible to supervise the takeover to perform the tasks from within its scope of powers and to provide assistance to those authorities when they are performing their tasks.

The Commission shall work together with the authorities in charge of the monopoly control and money laundry prevention, and other authorities, to perform the tasks from within its scope of powers and to provide assistance to those authorities when they are performing their tasks.

In resolving the administrative matters, the Commission shall accordingly apply provisions of the Law on General Administrative Proceedings, unless otherwise provided by this Law.

## **Obligation of the Acquirer Pursuant to the Administrative Decision of the Commission**

### **Article 42**

If a person who is under obligation to publish the takeover bid fails to do so within the deadline provided by the law, the Commission shall issue the administrative decision to impose on him the obligation to publish the takeover bid and instruct him to, if he does not have the funds required to implement the takeover procedure, sell a suitable number of shares within three months from the day of receiving the administrative decision so that total number of his shares does not exceed 25% of the total number of voting shares of the target company. The Commission shall be under obligation to furnish the above administrative decision to the offeror, the target company, the shareholders through the target company, the Central Register, and the regulated market on which shares of the target company are traded.

The Commission shall notify the Central Register that, from the time of issuing the administrative decision to impose the obligation to publish the takeover bid, the person referred to in paragraph 1 of this Article shall not have the right to vote based on the shares acquired in this way.

## **Acts of the Commission**

### **Article 43**

The acts adopted by the Commission shall be final.

Against the acts of the Commission, the discontented party may instigate the administrative dispute.

## **IV. PENAL PROVISIONS**

## **1. Criminal Acts**

### **Offering or Promising the Gifts, Favors, or other Benefits**

#### **Article 44**

Anyone who, after the offeror publishes the takeover bid, directly or through the mass media, offers or promises to a shareholder the gifts, favors, proprietary or other benefits, so that the latter would accept or refuse the takeover bid, shall be sentenced to imprisonment between six months and five years.

Anyone who intermediates in commitment of the criminal act referred to in paragraph 1 of this Article shall be sentenced to imprisonment between six months and five years.

### **Abuse of Insider Information**

#### **Article 45**

Anyone who implements the takeover by using the insider information shall be sentenced to imprisonment between three months and three years.

Anyone who, intending to obtain for himself or somebody else the proprietary gain in contravention to the law, discloses insider information to a third party or, based on such information, recommend a third party to acquire, buy, or sell the shares of the target company which are traded or may be traded on a regulated market, shall be sentenced to imprisonment between three months and three years.

Anyone who commits the act referred to in paragraph 2 of this Article without deliberation, shall be sentenced to imprisonment of up to one year, or fined.

If the act referred to in paragraphs 1 and 2 of this Article causes any distortion to a regulated securities market, the committer shall be sentenced to imprisonment between one and five years.

### **Publication of Falsified Information**

#### **Article 46**

Anyone who, on a regulated securities market, in the takeover bid of voting shares, publishes falsified information about legal or financial standing of the target company or its business prospects and other falsified facts of relevance for making the decision about accepting the takeover bid, or who fails to publish all information about such facts, shall be sentenced to imprisonment between three months and three years.

If the act referred to in paragraph 1 of this Article causes any distortion to the regulated securities market, the committer shall be sentenced to imprisonment between one and five years.

## **2. Economic Infringements and Offences**

#### **Article 47**

A fine of CSD 1,000,000 to 3,000,000 shall be imposed on a legal person who:

- 1) Fails to notify about the acquirement immediately and at the same time the organizational form of the regulated market, the Commission, and the target company, or fails to publish the takeover bid (Article 5, paragraph 3, and Article 6, paragraphs 1-4 and 6);
- 2) Extends to the shareholders of the target company a bid, or a public or other invitation with the aim of acquiring voting shares of the target company (Article 7, paragraph 2);
- 3) Fails to, within one working day after the day of incurring the obligation to acquire, publish the Notice of Intent to Acquire (Article 9, paragraph 2, and Article 12, paragraph 1);
- 4) Allows the exercise of the right to vote, in contravention to the provision of Article 10 of this Law;
- 5) By his action, influences the fulfillment of the requirements from the bid, in contravention to Article 11, paragraph 2, of this Law;

- 6) Modifies or withdraws the Notice of Intent to Acquire after submitting the request (Article 12, paragraph 3);
- 7) Publishes the takeover bid, or its amendment, without the consent of the Commission (Article 13, paragraphs 1 and 5);
- 8) Modifies the takeover bid in contravention to the provisions of Article 14, paragraph 1, of this Law;
- 9) Lowers the price in the takeover bid (Article 14, paragraph 3);
- 10) Fails to provide the funds for payment of all shares under the takeover bid (Article 16, paragraphs 1 and 2);
- 11) Stipulate the validity period of the bank guarantee in contravention to the provisions of Article 16, paragraph 3 of this Law;
- 12) Has available funds, or securities set apart at a special account in contravention to the provisions of Article 16, paragraphs 4 and 5 of this Law;
- 13) Modifies the contract on special account or agreement on approved loan, or agreement on bank guarantee for payment of all shares under the takeover bid, unless to make the bid better (Article 16, paragraph 7);
- 14) Fails to open a special securities account with the Central Register (Article 17, paragraph 1);
- 15) Fails to immediately furnish the Central Register with the amendment to the takeover bid (Article 17, paragraph 4);
- 16) Fails to publish the summarized text of the takeover bid or amendment to the bid within the deadline and in the manner stipulated in Article 18, paragraph 1, of this Law;
- 17) Fails to furnish, within the stipulated deadline, the takeover bid or amendment to the bid to the target company, organizational form of the regulated market on which the shares of the target company are traded, or to the shareholders of the target company (Article 18, paragraph 3);
- 18) If the takeover bid does not contain all stipulated information (Article 20);
- 19) In the event of increased offer price, fails to provide the funds to cover the increased part of the amount (Article 22, paragraph 5);
- 20) Publish the Notice of Intent to Acquire shares of the target company in mass media and publicly accessible electronic media in contravention to Article 24 of this Law;
- 21) Withdraws the takeover bid in contravention to the provisions of Article 25, paragraph 1, or fails to publish the withdrawal of the bid in the manner referred to in Article 25, paragraph 2 of this Law;
- 22) Has disposal over the shares that have been deposited in acceptance of the bid (Article 26, paragraph 3);
- 23) Fails to publish and furnish the Commission, the target company and the organizational form of the regulated market, the takeover report with the stipulated information (Article 32, paragraphs 1 and 2);
- 24) Fails to cover the stipulated costs or pay the price of shares (Article 33);
- 25) Acts in contravention to the provisions of Article 35, paragraphs 1, 2, and 4 of this Law;
- 26) Acquires shares or commits to acquire shares, or who alienates or commits to alienate shares in contravention to the provisions of Article 36, paragraph 1 of this Law;
- 27) From the time of publishing the Notice of Intent to acquire shares to the time of concluding the takeover procedure, envisage in its constituting act or articles of association any restrictions with regard to the number of votes carried by the voting shares (Article 39, paragraph 1);
- 28) Fails to allow to the Commission the access to or fails to furnish the documentation which the Commission deems necessary for implementation of supervision (Article 41, paragraph 2);
- 29) Fails to allow to the Commission the access to, or fails to furnish all the data about the ownership position of the shareholders or appropriate entries from the book of shares (Article 41, paragraph 3);
- 30) Fails to publish, within three working days, the additional clarifications, notifications, or corrections with regard to the takeover bid (Article 41, paragraph 5);
- 31) Fails to execute the administrative decision of the Commission, or fails to furnish the evidence of the remedy of perceived irregularities (Article 41, paragraph 6);
- 32) Fails to sell the appropriate number of shares, within three months from the day of receiving the administrative decision so that total number of his shares does not exceed 25% total number of voting shares of the target company (Article 42, paragraph 1).

For the acts referred to in paragraph 1 of this Article, the responsible person in the legal person shall be fined with CSD 100,000 to 200,000.

For the acts referred to in paragraph 1, items 1-27 and 29-33 of this Article, the natural person shall be fined with CSD 30,000 to 50,000.

A fine of CSD 500,000 to 2,000,000 shall be imposed on a legal person who:

- 1) Fails to allow to the Commission the access to the balance of the special account (Article 16, paragraph 4);
- 2) When entering into the contract on keeping a special securities account, fails to furnish the Central Register with all data necessary to prepare and perform the share depositing tasks, the data about the manner in which the bid will be made public and other necessary data stipulated by the rules on share depositing and operating rules of the Central Register (Article 17, paragraph 3);
- 3) Effects payment for shares before the expiry of the validity period of the bid (Article 26, paragraph 2);
- 4) Takes over the deposited shares in contravention to Article 30, paragraph 2 of this Law;
- 5) Fails to publish the notice in the stipulated manner (Article 32, paragraph 4).

For the acts referred to in paragraph 4 of this Article, the responsible person in the legal person shall be fined with CSD 50,000 to 150,000.

For the acts referred to in paragraph 4 of this Article, the natural person shall be fined with CSD 20,000 to 40,000.

#### **Article 48**

A fine of CSD 40,000 to 50,000 shall be imposed on a natural person - a member of the Board of Directors of the target company if:

- 1) The Board of Directors of the target company commits the acts referred to in Article 38, paragraph 3 of this Law;
- 2) The Board of Directors of the target company fails to publish its reasoned opinion about the takeover bid in the stipulated manner, or if making decisions by which the takeover is being prevented or impaired in an unlawful manner or that have a detrimental effect on the target company (Article 40, paragraphs 1 and 3).

### **V. TRANSITIONAL AND FINAL PROVISIONS**

#### **Article 49**

The shareholders who, on the day of coming into force of this Law, have on their disposal more than 25% voting shares of a joint stock company, and who, after the coming into force of this Law, intend to acquire further voting shares of such company, shall be under obligation to effect the takeover of the company in accordance with the provisions of this Law.

#### **The Ongoing Takeover**

#### **Article 50**

The takeover procedure which is in progress on the day of coming into force of this Law shall be completed in accordance with the provisions of this Law, unless, within it, the offeror still did not receive the administrative decision of the Commission about approval of the publication of the takeover bid (the ongoing takeover).

#### **Bylaws**

#### **Article 51**

The Commission shall pass bylaws within the powers vested in it by this Law within 30 days after the day of coming into force of this Law.

Until the adoption of the bylaws referred to in paragraph 1 of this Article, the takeover shall be subject to the Rules on the Content and Form of the takeover bid ("Official Gazette of RS", Nos. 102/03, 25/04, 103/04 and 123/04), with the exception of the provisions which are in contravention to this Law.

## **Cessation of Effect**

### **Article 52**

On the day of coming into force of this Law, the provisions of Articles 67 - 83 of the Law on the Market of Securities and other Financial Instruments ("Official Gazette of FRY", No. 65/02, and "Official Gazette of RS", Nos. 57/03, 55/04, and 45/05) shall cease to have effect.

## **Coming into Force**

### **Article 53**

This Law shall come into force on the eighth day after the day of its publication in the "Official Gazette of the Republic of Serbia".